

KOUGA MUNICIPALITY

FINANCIAL STATEMENTS

FINANCIAL YEAR

2004/05

KOUGA MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2005

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KOUGA MUNICIPALITY

GENERAL INFORMATION

COUNCILLORS

| Ward | Councillors |
|------|----------------------------|
| | MR DENNIS R MAYOR (ACTING) |
| | MR KOERAT B |
| | MS UNGERER M |
| | MS MACLEAN S |
| | MS MAJOLA NM |
| | MR NICHOLLS DS |
| | MR CLOETE SJ |
| | MR LLOYD FR |
| | MR CAWOOD J |
| | MR TSUME KM |
| | DR BOTHA NS |
| | MS AUGUST C |
| | MR SMITH FD |
| | MS DLOMO M |
| | MR MABUKANE A |
| | MS PLAATJIES HL |
| | MR STUURMAN VS |
| | MR RHEEDER BF |
| | MS FELIX KS |

GRADING

Grade 8

AUDITORS

Auditor-General

BANKERS

First National Bank

REGISTERED OFFICE

Da Gama Drive
Jeffreys Bay
South Africa

P O Box 21
Jeffreys Bay
6330

Telephone : 041-293 1111

MUNICIPAL MANAGER (ACTING)

Mr. D. J. De Lange

Email

registry@ec108.org.za

DIRECTOR OF FINANCE (ACTING)

Mr. W. J. PRINS

Webpage

www.kougamunicipality.gov.za

KOUGA MUNICIPALITY

TREASURER'S REPORT

1. INTRODUCTION

The 2004/05 financial statements are a representation of the accounting activities of the Kouga Municipality.

As a more detailed will form part of the Council's annual report only the information required by GAMAP will be reflected here.

2. KEY FINANCIAL INDICATORS

| | 2005 | 2004 |
|-------------------------------------------|-------------|-------------|
| Surplus/(-Deficit) before Appropriations | (4,454,931) | 1,549,657 |
| Surplus/(-Deficit) at the end of the year | 450,899 | (4,454,931) |
| Salaries and Wages | 36.9% | 37.7% |
| General Expenses | 46.8% | 44.8% |
| Repairs and Maintenance | 6.0% | 5.9% |
| Depreciation | 4.6% | 5.6% |
| Finance Charges | 5.7% | 6.0% |
| Capital Ex Revenue | 0.0% | 0.0% |
| Contribution to Funds | 0.0% | 0.0% |

3. POST BALANCE SHEET EVENTS

Severance packages to the value of R3.1 million were negotiated with five senior officials.

4. RECONCILIATION OF BUDGET TO ACTUAL

| <u>4.1 Operating Budget</u> | Budget | Actual | Difference | % |
|-----------------------------|-------------|-------------|--------------|--------|
| Salaries and Wages | 62,965,830 | 61,322,837 | 1,642,993 | 2.6% |
| General Expenses | 60,637,710 | 77,913,278 | (17,275,568) | -28.5% |
| Repairs and Maintenance | 11,023,630 | 10,053,646 | 969,984 | 8.8% |
| Depreciation | 6,141,300 | 7,636,724 | (1,495,424) | -24.4% |
| Finance Charges | 9,925,640 | 9,474,237 | 451,403 | -17.0% |
| Total | 150,694,110 | 166,400,722 | (15,706,612) | -10.4% |

Depreciation was estimated in accordance with GAMAP principles which included Finance Charges. The estimates were too low basically because of the mis-interpretation of GAMAP principles.

Specific items which caused the over-expenditure in General Expenses are as follows:

| | | | | |
|-----------------------------------|------------|------------|-------------|---------|
| Audit Fees | 423,460 | 795,341 | (371,881) | -87.8% |
| Bank Charges | 108,590 | 292,157 | (183,567) | -169.0% |
| Connection Expenses | 735,470 | 1,185,149 | (449,679) | -61.1% |
| Electricity : Eskom | 20,611,790 | 26,069,046 | (5,457,256) | -26.5% |
| Equitable Share Allocations | - | 6,872,289 | (6,872,289) | |
| Fuel and Oil | 1,795,960 | 2,000,986 | (205,026) | -11.4% |
| Legal Expenses | 198,430 | 692,320 | (493,890) | -248.9% |
| Rebate | 1,381,500 | 1,821,429 | (439,929) | -31.8% |
| Rental : Machinery/Equipment | 1,582,400 | 2,986,308 | (1,403,908) | -88.7% |
| Subsidised vehicles : E/Users | 1,058,590 | 724,674 | 333,916 | 31.5% |
| Subsidised vehicles : T/Allowance | 1,734,150 | 3,190,283 | (1,456,133) | -84.0% |
| Subsistence and Travelling | 151,760 | 257,876 | (106,116) | -69.9% |
| Telephones | 982,200 | 1,089,728 | (107,528) | -10.9% |
| Valuation Costs | 675,510 | 1,150,599 | (475,089) | -70.3% |
| Water Purchases | 2,891,170 | 5,531,969 | (2,640,799) | -91.3% |

Audit Fees are escalating and it seems if we have little control over this expense.

Bank Charges includes expenses on the commission paid to Easy Pay and the Pay A Bill systems. These systems to make it easier for consumers to pay their accounts was introduced during the financial year. These costs were not estimated for. It will in future be shown as "commission" and not be costed with bank charges.

Connection expenses for water and electricity was much higher than estimated amounts. Connections however also generate more income.

Electricity purchases was underestimated. Growth in electricity consumption always seems to be higher than estimated. More purchases also means more sales and the income on electricity is therefore also higher than estimated.

Equitable share allocations to the value of R6 872 288 were not included in the budget as expenditure. In accordance with GAMAP principles the Equitable Share grant received from National Government must be shown as income and the all expenditure from this grant must be shown as expenditure. This amount is therefore not an over-expenditure as such but a correction of accounting principles.

During previous years Fuel and Oil were estimated as part of Transport Cost under General Expenses. This was an old Jeffreys Bay practice and it was decided to split these costs to Fuel and Oil under General Expenses and Maintenance : Vehicles under the Repairs and Maintenance section. The estimated amount for Transport Cost were therefore simply divided in half to estimate these two different new line items. The Fuel and Oil amount was too low. Unfortunately the amount provided for maintenance was also too low due to limited funds and the state of Council's vehicles and plant.

Council was involved in several legal matters.

This portion of Rebate on Rates was previously deducted from income for estimated purposes. GAMAP requires that Rebate be shown as an expenditure. The excess expenditure on the line item is thus not over expenditure but a correction of accounting principles.

The rental of Machinery and Equipment was underestimated because these items are debited to the bank account and needs to be journalised to the expenditure votes. This was behind which made it impossible to provide properly for on the estimates.

The over expenditure on the Transport Allowances should be seen together, as I am of the opinion that only the staff from the former St Francis Bay Municipality are paid on the Essential Users vote and other staff members receiving the essential allowance are paid on the Transport allowances vote. It is still overspent and it came to my attention during the time when the budget for 2004/05 was compiled that claims for travelling outside the Kouga Municipal Area are also paid on these votes. These claims were previously estimated under Subsistence and Travelling. The South African Revenue Services however requires these claims to be added to IRP (PAYE) forms for tax purposes which make the costing thereof under a different vote administratively problematic.

The over expenditure on valuation cost was due to interim valuations which was not estimated. It was presumed that our own valuator appointed will do the interim valuations.

The balance of the Equitable Share not used at 30 June 2005, R1.383 million was transferred to a Valuation Reserve. If we do not make sufficient provision in the estimates we will not be able to afford the general valuation to be done in two years time.

Water purchases was totally underestimated. This was discovered during the financial year and the reason for this was accounts being paid by hand cheque and not updated to the system. The statistics the estimates were calculated on were thus totally incorrect. This should however have been seen at the time the estimates were done. Unfortunately the correctness of the estimates seems to be the responsibility of one person only with little verification from anyone else. This had a major effect on the estimates and tariffs for the 2005/06 financial year.

INCOME AND EXPENDITURE PER SERVICE (BEFORE APPROPRIATIONS)

(Minus) in the "Difference" column indicates negative results to the estimates.

| | Budget | Actual | Difference |
|---------------------------|--------------|--------------|-------------|
| ASSESSMENT RATES | (42,194,940) | (45,488,351) | 3,293,411 |
| BEACH | 1,424,900 | 1,113,847 | 311,053 |
| BUILDINGS AND PROPERTIES | 2,231,490 | 2,119,611 | 111,879 |
| CARAVAN PARKS AND CAMPING | 408,290 | 168,616 | 239,674 |
| CEMETERY | 187,390 | 113,014 | 74,376 |
| COMMUNITY SERVICES | 987,300 | 947,585 | 39,715 |
| CORPORATE SERVICES | 4,315,690 | 5,144,133 | (828,443) |
| COUNCIL | 4,599,830 | 4,852,552 | (252,722) |
| DATA PROCESSING | 126,100 | (95,875) | 221,975 |
| ECONOMIC DEVELOPMENT | 642,910 | 1,012,409 | (369,499) |
| ELECTRICITY | (9,047,773) | (7,076,972) | (1,970,801) |
| ENGINEERING | 2,205,790 | 2,044,445 | 161,345 |
| ENVIRONMENTAL HEALTH | 808,190 | 433,982 | 374,208 |
| FIRE BRIGADE | 2,141,560 | 1,285,832 | 855,728 |
| HEALTH | 265,190 | 411,723 | (146,533) |
| HUMAN RESOURCES | 1,101,188 | 1,201,344 | (100,156) |
| INTERNAL AUDIT | 360,370 | 334,469 | 25,901 |
| KOUGA CULTURAL CENTRE | - | - | - |
| LIBRARY | 1,561,980 | 1,387,802 | 174,178 |
| MAYOR | 901,150 | 796,329 | 104,821 |
| MECHANICAL WORKSHOP | 330,850 | 166,938 | 163,912 |
| MUNICIPAL MANAGER | 2,291,840 | 1,814,409 | 477,431 |
| MUSEUMS | 251,950 | 56,627 | 195,323 |
| NATURE CONSERVATION | 247,910 | (79,128) | 327,038 |
| OCCUPATIONAL HEALTH | 72,740 | - | 72,740 |
| PARKS AND OPEN SPACES | 5,868,072 | 5,860,033 | 8,039 |
| PLANNING AND DEVELOPMENT | 3,178,110 | 1,784,144 | 1,393,966 |
| POUND | 60,970 | 2,862 | 58,108 |

| | | | |
|----------------------|-------------|-------------|-------------|
| PROTECTIVE SERVICES | 2,530,660 | 2,520,868 | 9,792 |
| PUBLIC WORKS | 12,285,460 | 11,223,405 | 1,062,055 |
| REFUSE | (1,375,729) | (1,082,994) | (292,736) |
| SEWERAGE | (1,334,550) | (2,784,384) | 1,449,834 |
| SOCIAL DEVELOPMENT | 265,830 | 357,250 | (91,420) |
| SPORT AND RECREATION | 904,090 | 633,019 | 271,071 |
| STAFF - HOUSING | - | - | - |
| STORES | 107,550 | 12,278 | 95,272 |
| TOWN MANAGER | - | - | - |
| TREASURY | 2,892,240 | 2,159,210 | 733,030 |
| WATER | (3,518,707) | 269,056 | (3,787,763) |
| WATERWAYS | 194,110 | (298,944) | 493,054 |
| | (1,719,999) | (6,678,856) | 4,958,857 |

The operating surplus was therefore R5 316 431 which is R3 596 432 better than the estimated operating surplus of R1 719 999.

4.2 Capital Budget

| | Budget | Actual | Difference | % |
|----------------------------------|--------|-----------|------------|---------|
| ELECTRICITY | | 2,355,186 | | |
| ROADS | | 955,294 | | |
| SEWERAGE | | 1,289,760 | | |
| WATER | | 3,366,985 | | |
| <u>OTHER ASSETS</u> | | | | |
| COMPUTER EQUIPMENT | | 146,445 | | |
| FURNITURE AND FITTINGS/EQUIPMENT | | 99,392 | | |
| SECURITY MEASURES | | 98,715 | | |
| TOOLS AND EQUIPMENT | | 91,408 | | |
| | - | 8,403,185 | - | #DIV/0! |

The work on certain capital items are still in process. These are housing projects wicH must be reconciled. The value of these works are R301 786.

5. FINANCIAL FORECAST FOR THE FORTHCOMING YEAR

| | Budget 2005 | Actual 2004 | Actual 2003 |
|---------------------------|----------------|----------------|----------------|
| ASSESSMENT RATES | -47,710,010 | (45,488,351) | (36,989,522) |
| BEACH | 1,800,366 | 1,113,847 | 1,554,243 |
| BUILDINGS AND PROPERTIES | 2,407,793 | 2,119,611 | 2,036,000 |
| CARAVAN PARKS AND CAMPING | 721,466 | 168,616 | 250,012 |
| CEMETERY | 171,227 | 113,014 | 113,974 |
| COMMUNITY SERVICES | 1,097,825 | 947,585 | 518,394 |
| CORPORATE SERVICES | 5,783,343 | 5,144,133 | 4,543,607 |
| COUNCIL | 772,793 | 4,852,552 | 4,525,142 |
| DATA PROCESSING | 234,642 | (95,875) | (35,604) |
| ECONOMIC DEVELOPMENT | 1,267,317 | 1,012,409 | 2,751,870 |
| ELECTRICITY | -8,994,994 | (7,076,972) | (7,888,751) |
| ENGINEERING | 2,258,647 | 2,044,445 | 1,797,892 |
| ENVIRONMENTAL HEALTH | 675,191 | 433,982 | 395,438 |

| | | | |
|--------------------------|-------------|-------------|-------------|
| FIRE BRIGADE | 1,956,891 | 1,285,832 | 1,934,815 |
| HEALTH | 271,927 | 411,723 | 623,944 |
| HUMAN RESOURCES | 291,032 | 1,201,344 | |
| INTEGRATED DEVELOPMENT | 895,014 | | |
| INTERNAL AUDIT | 524,102 | 334,469 | 659,066 |
| KOUGA CULTURAL CENTRE | 83,470 | - | |
| LIBRARY | 1,624,746 | 1,387,802 | 1,644,598 |
| MAYOR | 917,660 | 796,329 | 845,422 |
| MECHANICAL WORKSHOP | 161,887 | 166,938 | 487,606 |
| MUNICIPAL MANAGER | 3,157,137 | 1,814,409 | 381,467 |
| MUSEUMS | 190,597 | 56,627 | 149,176 |
| NATURE CONSERVATION | 264,497 | (79,128) | (113,095) |
| OCCUPATIONAL HEALTH | 65,610 | - | 1,507 |
| PARKS AND OPEN SPACES | 6,937,439 | 5,860,033 | 5,517,650 |
| PLANNING AND DEVELOPMENT | 2,660,903 | 1,784,144 | 1,700,851 |
| POUND | 57,320 | 2,862 | 3,589 |
| PROTECTIVE SERVICES | 2,547,638 | 2,520,868 | 2,357,012 |
| PUBLIC WORKS | 12,477,729 | 11,223,405 | 11,609,890 |
| REFUSE | -1,065,099 | (1,082,994) | 80,003 |
| SEWERAGE | -2,681,250 | (2,784,384) | 212,516 |
| SOCIAL DEVELOPMENT | 0 | 357,250 | |
| SPORT AND RECREATION | 878,662 | 633,019 | 538,998 |
| STAFF - HOUSING | 0 | - | - |
| STORES | 36,140 | 12,278 | 4,903 |
| TREASURY | 3,142,597 | 2,159,210 | 1,131,181 |
| WATER | -2,291,132 | 269,056 | (2,641,169) |
| WATERWAYS | 143,450 | (298,944) | (128,717) |
| | (6,265,426) | (6,678,856) | 573,908 |

Please note that these amounts does not include appropriation transactions.

6. IMPLEMENTATION OF GAMAP

These statements are copied in accordance with GRAP 1.

It must be noted that an amount of R4 231 960 was written back to the accumulated surplus/deficit account being the growth in two zero coupon investments made by the previous Jeffreys Bay TLC.

This amount was accumulated and capitalised as interest on the investment.

The growth is not interest and the investments should thus be shown as historical cost with a note to the financial status indicating the estimated value as at the end of the financial year.

It is thus important that when the financial statements are analysed this amount be taken into consideration. It is something of value which is NOT included in the balance sheet.

7. ACCUMULATED SURPLUS

The accumulated surplus at 30 June 2005 is R 450,899.35

Details of how this came about can be seen at note number 15 under the section "Notes to the Financial Statements"

The comments in 6 above must however be taken into account.

8. CONCLUSION

The Directorate wants to convey its appreciation to the staff, Council and the personnel of the Auditor general's office for the support and valued assistance and advice given.

ACTING DIRECTOR OF FINANCE
MR WIM J PRINS

**KOUGA MUNICIPALITY
BALANCE SHEET AS AT
30 JUNE 2005**

| | Note | 2005 R | 2004 R |
|---------------------------------------------|------|--------------------|--------------------|
| CAPITAL EMPLOYED | | | |
| STATUTORY FUNDS | 1 | 11,773,152 | 7,244,862 |
| NON- DISTRIBUTABLE RESERVES | 2 | 32,387,571 | 32,172,060 |
| DISTRIBUTABLE RESERVES | | 18,925,872 | 1,897,913 |
| Unappropriated Surplus/Accumulated Defecit | 21 | 450,899 | -4,454,931 |
| Unspent Grants | 2 | 18,474,973 | 6,352,844 |
| Housing Reserves | | - | - |
| TRUST FUNDS | 3 | - | - |
| LONG- TERM LIABILITIES | 4 | 60,228,884 | 58,356,208 |
| CONSUMER DEPOSITS | 6 | 4,381,240 | 3,918,543 |
| | | <u>127,696,719</u> | <u>103,589,586</u> |
| EMPLOYMENT OF CAPITAL | | | |
| PROPERTY, PLANT & EQUIPMENT | 7 | 81,807,344 | 81,852,047 |
| INVESTMENTS | 8 | 4,610,355 | 9,012,315 |
| LONG-TERM DEBTORS | 9 | 2,533,860 | 6,057,022 |
| NET CURRENT ASSETS | | 38,745,161 | 6,668,202 |
| CURRENT ASSETS | | 57,236,903 | 36,630,596 |
| Inventory | 10 | 4,348,918 | 3,691,898 |
| Consumer debtors | 11 | 21,005,692 | 15,942,523 |
| Other debtors | 12 | 3,653,854 | 5,735,235 |
| Short-term investments | 8 | 14,913,493 | 10,803,990 |
| Short-term portion of long-term debtors | 9 | 276,727 | 450,240 |
| Bank | | 13,031,609 | |
| Cash resources | 23 | 6,610 | 6,710 |
| CURRENT LIABILITIES | | 18,491,742 | 29,962,394 |
| Provisions | 13 | 1,856,565 | 1,751,476 |
| Creditors | 14 | 14,033,374 | 17,229,803 |
| Short-term portion of long-term liabilities | 5 | 2,601,804 | 2,266,475 |
| Bank Overdraft | | | 8,714,640 |
| | | <u>127,696,719</u> | <u>103,589,586</u> |

Note : The balance sheet has been prepared in accordance with GRAP 1.

ACTING MUNICIPAL MANAGER

ACTING DIRECTOR OF FINANCE

KOUGA MUNICIPALITY
INCOME STATEMENT FOR THE YEAR ENDED
30 JUNE 2005

| | Note | 2005 Actual R | 2005 Budget R | 2004 Actual R |
|---------------------------------------------------------------|------|---------------------|---------------------|---------------------|
| SURPLUS/(-DEFICIT) FROM ORDINARY ACTIVITIES | | | | |
| Rates and General Services | | (129,061) | (10,846,330) | (9,634,159) |
| Electricity Service | | 7,076,972 | 9,047,773 | 7,888,751 |
| Water Service | | (269,056) | 3,518,707 | 2,641,169 |
| NET SURPLUS/(-DEFICIT) FOR THE YEAR | 15 | 6,678,856 | 1,720,150 | 895,761 |
| Extraordinary items | | | | |
| | | 6,678,856 | 1,720,150 | 895,761 |
| UNAPPROPRIATE SURPLUS/(-DEFICIT) AT THE BEGINNING OF THE YEAR | | (4,454,931) | | 1,549,657 |
| APPROPRIATIONS | | (1,773,025) | (1,720,150) | (6,900,349) |
| Transfers to Asset Financing Fund | | | | |
| Sewerage | 21 | (666,445) | (317,010) | (261,407) |
| Working Capital | | | (800,660) | |
| Waterways | 21 | (329,775) | 151,060 | (128,717) |
| Electricity | | | (223,760) | |
| Transfer to Insurance Fund | 1 | - | | - |
| Transfer to Leave Fund | 13 | (1,265,159) | (414,900) | (1,320,415) |
| Transfer to Bad Debts | 21 | (1,160,842) | (135,100) | (213,448) |
| Transfer to Valuation Reserve | 21 | (1,383,444) | | - |
| Depreciation on Assets Financed by Internal Loans | 21 | | | |
| Depreciation | 21 | 2,987,630 | 2,283,030 | 3,485,340 |
| EFF - Redemption on External Loans | 21 | - | (2,262,810) | |
| Previous years transactions | 21 | 45,008 | | (8,461,704) |
| | | 450,899 | - | (4,454,931) |

KOUGA MUNICIPALITY
CASH FLOW STATEMENT FOR THE YEAR ENDED
30 JUNE 2005

| | Note | 2005 R | 2004 R |
|-----------------------------------------------------|------|---------------------|---------------------|
| CASH FLOW FROM OPERATING ACTIVITIES | | | |
| Cash receipts from ratepayers, government and other | | 164,002,606 | 142,766,175 |
| Cash paid to suppliers and employees | | <u>-145,748,069</u> | <u>-135,118,781</u> |
| Cash generated from operations | 22 | 18,254,537 | 7,647,393 |
| Interest received | | 1,009,108 | 2,223,892 |
| Interest paid | | <u>-9,474,237</u> | <u>-8,532,614</u> |
| NET CASH FROM OPERATING ACTIVITIES | | <u>9,789,408</u> | <u>1,338,672</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Purchase of property, plant and equipment | | -8,403,185 | -3,616,373 |
| Proceeds on disposal of fixed assets | | - | - |
| Receipts from longterm debtors | | <u>3,696,675</u> | <u>-99,380</u> |
| NET CASH FROM INVESTING ACTIVITIES | | <u>-4,706,510</u> | <u>-3,715,752</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| New loans repaid | | 2,208,005 | 3,407,738 |
| Increase in consumer deposits | | 462,697 | 527,900 |
| Other capital receipts | | <u>13,700,091</u> | <u>3,578,652</u> |
| NET CASH FROM FINANCING ACTIVITIES | | <u>16,370,793</u> | <u>7,514,289</u> |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | | <u>21,453,691</u> | <u>5,137,209</u> |

NOTES TO THE FINANCIAL STATEMENTS

| | 2005 R | 2004 R |
|----------------------------------|-------------------|------------------|
| 1. FUNDS | | |
| INSURANCE FUND | 724,556 | 717,143 |
| VALUATION RESERVE | 2,241,473 | |
| ASSET FINANCING FUND | 8,807,123 | 6,527,719 |
| ASSET SALES | 154,199 | |
| BULK SERVICES AUGMENTATION FUND | 2,079,273 | 1,039,061 |
| CAPITAL DEVELOPMENT FUND | 43,693 | 43,693 |
| COLLATERAL RESERVE | 7,020 | 7,020 |
| ELECTRICITY CAPITAL RESERVE FUND | 48,452 | 333,068 |
| LAND SALES | 1,905,945 | 1,384,494 |
| LIBRARY RESERVE | - | - |
| MARINA MAINTENANCE FUND | -10,465 | 19,338 |
| MUSEUM RESERVE FUND | 55,797 | 55,797 |
| REDEMPTION FUND | 318,128 | 318,128 |
| ROAD RESERVE FUND | 83,124 | 83,124 |
| SEVERANCE | 37,995 | 37,995 |
| SEWERAGE CAPITAL RESERVE FUND | 2,726,342 | 2,059,898 |
| WATER RESERVE FUND | 579,511 | 657,424 |
| WATERWAY STABILISATION FUND | 778,109 | 488,680 |
| TOTAL STATUTORY FUNDS | 11,773,152 | 7,244,862 |

MOVEMENTS IN FUNDS ARE RECONCILED AS FOLLOWS :

INSURANCE FUND

| | | |
|-----------------|---------|---------|
| Balance B/F | 717,143 | 640,000 |
| Contributions | 136,460 | |
| Income (Claims) | 140,887 | 518,760 |
| Expenditure | 269,934 | 441,617 |
| Balance C/F | 724,556 | 717,143 |
| | 0 | - |

VALUATION RESERVE

| | | |
|---------------|-----------|---|
| Balance B/F | - | |
| Contributions | 2,668,810 | |
| Expenditure | 427,337 | |
| Balance C/F | 2,241,473 | - |
| | - | - |

ASSET SALES

| | | |
|---------------|---------|---|
| Balance B/F | - | - |
| Contributions | 154,199 | - |
| Expenditure | | |
| Balance C/F | 154,199 | - |
| | - | - |

NOTES TO THE FINANCIAL STATEMENTS

| | 2005 R | 2004 R |
|-----------------------------------------------|-----------|-----------|
| <u>BULK SERVICES AUGMENTATION FUND</u> | | |
| Balance B/F | 1,039,061 | 272,921 |
| Contributions | 1,734,884 | 840,603 |
| Expenditure | 694,672 | 74,463 |
| Balance C/F | 2,079,273 | 1,039,061 |
| | - | - |
| <u>CAPITAL DEVELOPMENT FUND</u> | | |
| Balance B/F | 43,693 | 34,887 |
| Contributions | | 8,806 |
| Expenditure | | |
| Balance C/F | 43,693 | 43,693 |
| | - | - |
| <u>COLLATARAL RESERVE</u> | | |
| Balance B/F | 7,020 | 7,020 |
| Contributions | - | |
| Expenditure | - | |
| Balance C/F | 7,020 | 7,020 |
| | - | - |
| <u>ELECTRICITY CAPITAL RESERVE</u> | | |
| Balance B/F | 333,068 | 333,068 |
| Contributions | 7,684 | |
| Expenditure | 292,299 | |
| Balance C/F | 48,452 | 333,068 |
| | -0 | - |
| <u>LAND SALES</u> | | |
| Balance B/F | 1,384,494 | 1,384,494 |
| Contributions | 549,795 | |
| Expenditure | 28,344 | |
| Balance C/F | 1,905,945 | 1,384,494 |
| | - | - |
| <u>LIBRARY RESERVE</u> | | |
| Balance B/F | - | 38,557 |
| Contributions | - | |
| Expenditure | | 38,557 |
| Balance C/F | - | - |
| | - | - |
| <u>MARINA MAINTENANCE FUND</u> | | |
| Balance B/F | 19,338 | 64,311 |
| Contributions | | 139,389 |
| Expenditure | 29,803 | 184,363 |
| Balance C/F | -10,465 | 19,338 |
| | -0 | - |

NOTES TO THE FINANCIAL STATEMENTS

| | 2005 R | 2004 R |
|--------------------------------------|-----------|-----------|
| <u>MUSEUM RESERVE FUND</u> | | |
| Balance B/F | 55,797 | 55,797 |
| Contributions | | |
| Expenditure | | |
| Balance C/F | 55,797 | 55,797 |
| | - | - |
| <u>REDEMPTION FUND</u> | | |
| Balance B/F | 318,128 | 318,128 |
| Contributions | | |
| Transferred to EFF | | |
| Balance C/F | 318,128 | 318,128 |
| | - | - |
| <u>ROAD RESERVE FUND</u> | | |
| Balance B/F | 83,124 | 83,124 |
| Contributions | | |
| Expenditure | | |
| Balance C/F | 83,124 | 83,124 |
| | - | - |
| <u>SEVERANCE</u> | | |
| Balance B/F | 37,995 | 37,995 |
| Contributions | | |
| Expenditure | | |
| Balance C/F | 37,995 | 37,995 |
| | - | - |
| <u>SEWERAGE CAPITAL RESERVE FUND</u> | | |
| Balance B/F | 2,059,898 | 1,927,175 |
| Surplus | 666,445 | 261,407 |
| Other income | | - |
| Expenditure | | 128,684 |
| Balance C/F | 2,726,342 | 2,059,898 |
| | - | - |
| <u>WATER RESERVE FUND</u> | | |
| Balance B/F | 657,424 | 657,424 |
| Contributions | | |
| Capital Expenditure | 77,913 | |
| Balance C/F | 579,511 | 657,424 |
| | - | - |
| <u>WATERWAY STABILISATION FUND</u> | | |
| Balance B/F | 488,680 | 359,963 |
| Surplus | 289,429 | 128,717 |
| Deficit | | |
| Balance C/F | 778,109 | 488,680 |
| | - | - |

NOTES TO THE FINANCIAL STATEMENTS

| | 2005 R | 2004 R |
|------------------------------------------|-------------------|-------------------|
| 2. NON-DISTRIBUTABLE RESERVES | | |
| FUTURE DEPRECIATION RESERVE | 32,387,571 | 32,172,060 |
| Balance at the beginning of the year | 32,172,060 | 34,495,321 |
| Transactions | 215,511 | -2,323,261 |
| | - | |
| | - | |
| UN-UTILISED GRANTS | 18,474,973 | 6,352,844 |
| ACCOUNT ADMINISTRATION FEES | -5,488 | |
| BEACH | 100,000 | |
| DISASTER MANAGEMENT | 29,500 | |
| ELEC6 : ELECTRIFICATION YOUTH CAMP | - | -23,393 |
| ELEC9: ELECTRIFICATION PHASE 2 PELLSRUS | -10,388 | |
| ELEC10 : ELECTRIFICATION 80 ERV KWANOMZ | -151,141 | |
| GRANT : FINANCE MANAGEMENT REFORMS | 667,599 | 943,650 |
| GRANT : INDIGENT SURVEY | - | -11,391 |
| GRANTS : MIG ADMIN PMU UNIT | -11,500 | |
| GRANTS : MMP | 56,421 | |
| GRANT OLD DEBT REVIEW | 10,970 | |
| H.I.V. | 10,000 | |
| HOUSING | 421,110 | 439,715 |
| HOUSING : INFRASTRUCTURE DEVELOPMENT FND | 174,334 | 174,334 |
| HSRP GRANT : BUCKET ERAD. HKEY 0506 | 2,305,243 | |
| HSRP GRANT : BUCKET ERAD. HDP 0506 | 1,790,334 | |
| INDIVIDUAL SUBSIDIES | - | -23,181 |
| INTEGRATED DEVELOPMENT PLAN | 36,168 | 5,414 |
| LED PLAN | 110,000 | |
| MIG GRANT : ARCADIA SEWER RET. 200506 | 887,075 | |
| MIG GRANT : HANKEY UPGR.WATER 200506 | 339,022 | |
| MIG GRANT : HDP BULK WATER 200506 | 200,000 | |
| MIG GRANT : HDP SEWER T/PLANT 0506 | 455,049 | |
| KFTN G/MARCUS SEWER RET 0506 | 887,075 | |
| REF1 : REGIONAL SOLID WASTE DISPOSAL | -35,147 | |
| REF2 : Auto Bins P/R & T/S 00/01 | - | 45,882 |
| R&G1 TOURISM PLAN (DBSA 160000 C 40 000) | 280,000 | |
| R&G2 : CONSTRUCTION DOGWOOD STREET | 580,099 | 549,798 |
| R&G7 : JUICE FACTORY | 556,612 | 465,272 |
| R&G11 : CAPACITY BUILDING GRANT | 208,650 | |
| R&G13 : Develop 28 HA 00/01 | 117,907 | 117,907 |
| R&G: ZONING MAP/DEVELOPMENT PLAN | - | 40,000 |
| CEMETARY INVESTIGATION | 60,400 | 60,400 |
| UPGRADE TENURE RIGHTS | 20,000 | 20,000 |
| SERV0 : SERVICE ERVEN | 27,885 | 36,393 |
| SERV 1 : HOUSING EXTENTION 3 | 41,984 | 41,984 |
| SERV 2 : SERVICE ERVEN ROSEDALE | 11,145 | 11,145 |
| SERV3 : 105 HOUSES | - | -30,000 |
| SERV5 : HOUSING PATENSIE 17 | 13,189 | 13,189 |
| SERV6 : HOUSES JEFFREYS BAY 350 (PNP) | - | -683,501 |
| SERV7 : ROSENDALE EXT EIA | 125,461 | 125,461 |

NOTES TO THE FINANCIAL STATEMENTS

| | 2005 | 2004 |
|-----------------------------------------|-----------|-----------|
| | R | R |
| SERV8: SURVEY 150 ERVEN CENTERTON | - | -16,552 |
| PELLSRUS EXT EIA | 89,016 | 381,521 |
| SEA VISTA EXT EIA | 36,480 | 36,480 |
| THORNHILL C/SER. 277 SITES CONT.19634QO | 306,908 | 560,602 |
| PATENSIE C/SERV. 80 SITES CONT.19633QOO | 78,130 | 985,312 |
| SEA VISTA C/SER. 95 SITES CONT.15852QSO | 385,847 | 1,088,634 |
| ROSENDALE PHP 359 CONT.JG1/2004 | 20,323 | 140,555 |
| THORNHILL PHASE 2 | -238,192 | 317,113 |
| SERV18 : HDP YOUTH CAMP 85 | 176,006 | 14,700 |
| SERV19 : HDP GILL MARCUS 205 | 1,217,394 | 35,452 |
| SERV20 : HDP KWANOMZAMO 168 | 249,677 | 29,053 |
| SERV21 : HDP KWANOMZAMO 139 | 1,871,448 | 23,746 |
| SERV22 : HDP KWANOMZAMO 40 | 211,799 | |
| SERV23 : HDP VAALDAM 317 | 2,786,730 | 54,155 |
| SERV24 : LOERIEHEUWEL 74 | -400 | |
| SERV25 : LOERIEHEUWEL 199 | -400 | |
| SERV26: SPATIAL DEV F/WORK HDP/JBAY | 33,623 | |
| SEW1 : SEWERAGE WAVECREST | 751,536 | 751,536 |
| SEW3 : Patensie Sewer EIA Study | 4,129 | |
| SEW4 : SEWERAGE TREATMENT PLANT | - | -228,929 |
| SEW8 : SEWERAGE PUMPSTATION | - | -147,534 |
| SKILLS DEVELOPMENT LEVY | 53,780 | |
| STRUCTURE PLAN/SCHEME MAP | 74,705 | 74,705 |
| STUURMANSKOP SURVEY 200506 | 28,500 | |
| WATER MANAGEMENT STUDY 2004-06 | - | |
| WAT6 : WATER FILTER PLANT | - | -19,598 |
| WAT8 : BULK WATER ST FRANCIS BAY | 28,367 | |
| WAT9 : BULK WATER METERS | 0 | -47,184 |

NDR : UTILISED RECEIPTS

- -

3. TRUST FUNDS

Not applicable

NOTES TO THE FINANCIAL STATEMENTS

| | 2005 R | 2004 R |
|--------------------------------------------------------------|------------|------------|
| 4. LONG-TERM LIABILITIES | | |
| Annuity Loans | 62,830,688 | 60,622,683 |
| Less : Short-Term portion transferred to current liabilities | 2,601,804 | 2,266,475 |
| Advances EFF | | - |
| Total External Loans | 60,228,884 | 58,356,208 |

Refer to Appendix A for more detail on long-term liabilities.

Non of the loans are secured by fixed assets of the Kouga Municipality, except R15.6 million redemption funds secured by Zero coupon investments made with Investec and Sanlam maturing June 2011.

6. CONSUMER DEPOSITS

| | | |
|-----------------------|-----------|-----------|
| Electricity and Water | 4,381,240 | 3,918,543 |
| | 4,381,240 | 3,918,543 |

7. PROPERTY, PLANT AND EQUIPMENT

| | Cost | Accumulated Depreciation | Net Book Value |
|--------------------------------------------|-------------|-----------------------------|-------------------|
| 30 JUNE 2005 | | | |
| OWNED PROPERTY, PLANT AND EQUIPMENT | | | |
| Community | 40,560,641 | 34,211,115 | 6,349,526 |
| Heritage | 177,441 | 144,688 | 32,753 |
| Infrastructure | 174,960,585 | 103,004,785 | 71,955,800 |
| Investment | 1,460,470 | 1,460,470 | - |
| Other | 16,734,630 | 13,567,151 | 3,167,479 |
| | 233,893,768 | 152,388,210 | 81,505,558 |
| Work in progress | | | 301,786 |
| | | | 81,807,344 |
| 30 JUNE 2004 | | | |
| OWNED PROPERTY, PLANT AND EQUIPMENT | | | |
| Community | 41,790,933 | 34,684,653 | 7,106,280 |
| Heritage | 183,286 | 137,132 | 46,155 |
| Infrastructure | 165,036,996 | 96,971,612 | 68,065,384 |
| Investment | 1,957,781 | 1,460,470 | 497,311 |
| Other | 16,521,587 | 11,498,858 | 5,022,728 |
| | 225,490,583 | 144,752,725 | 80,737,857 |
| Work in progress | | | 1,114,189 |
| | | | 81,852,047 |

NOTES TO THE FINANCIAL STATEMENTS

| | 2005 R | 2004 R |
|-------------------------------|------------|------------|
| 8. INVESTMENTS | | |
| Unlisted | | |
| Deposits | 19,485,553 | 19,778,011 |
| External Finance Fund | 38,294 | 38,294 |
| | <hr/> | <hr/> |
| | 19,523,848 | 19,816,305 |
| Less : Investments Short Term | 14,913,493 | 10,803,990 |
| | <hr/> | <hr/> |
| Long term Investments | 4,610,355 | 9,012,315 |
| | <hr/> | <hr/> |

The value of the following investments which are shown at cost in the statements are estimated at

| | | | | |
|----------|--------|---|-----------|-----------|
| Investec | Cost = | R | 1,251,495 | 1,569,937 |
| Sanlam | Cost = | R | 3,358,860 | 7,272,378 |

These investments secure loans of R15 million that need to be repaid on 30 June 2011.

| | | |
|-------------------------------------------------------------|-----------|-----------|
| Amount included in investments in respect of Housing Grants | 7,687,467 | 3,138,010 |
|-------------------------------------------------------------|-----------|-----------|

9. LONG-TERM DEBTORS

| | | |
|------------------------------|-----------|-----------|
| GOLF CLUB | 438,075 | 459,792 |
| KOUGA CULTURAL CENTRE | 1,680,880 | 4,515,940 |
| LOAN : BOWLING CLUB | - | 1,213 |
| LOAN : COUNTRY CLUB | - | 6,939 |
| LOANS : SEWERAGE CONNECTIONS | - | 11,258 |
| SHELL FESTIVAL | - | 98,636 |
| SHELL FESTIVAL | - | 15,514 |
| STAFF DEBTORS | 10,849 | - |
| DBSA | 107,066 | 107,066 |
| ADVERTISING | 31,746 | 31,286 |
| | - | - |
| STAFF DEBTORS | 541,970 | 1,259,617 |
| | <hr/> | <hr/> |
| | 2,810,587 | 6,507,262 |
| Less : Short-term portion | 276,727 | 450,240 |
| | <hr/> | <hr/> |
| | 2,533,860 | 6,057,022 |
| | <hr/> | <hr/> |

10. INVENTORY

| | | |
|--------|-----------|-----------|
| STORES | 4,348,918 | 3,691,898 |
| | <hr/> | <hr/> |
| | 4,348,918 | 3,691,898 |
| | <hr/> | <hr/> |

NOTES TO THE FINANCIAL STATEMENTS

| | 2005 R | 2004 R |
|---------------------------------------|-------------|-------------|
| 11. CONSUMER DEBTORS | | |
| <u>SERVICE DEBTORS</u> | | |
| 57 HOUSES | 17,915 | 486 |
| ASSESSMENT RATES | 8,708,881 | 5,212,706 |
| ASSESSMENT RATES : INSTALMENTS | 97,446 | 1,263 |
| BALANCES B/F EX WDC OR KWANOMZAMO | 5,764 | 11,494 |
| B/F EX WDC/KWA ETC INSTALMENTS | - | - |
| COLLECTION CHARGES (LEGAL FEES) | 249,887 | 67,453 |
| ELECTRICITY | 4,643,336 | 3,652,400 |
| ELECTRICITY : INSTALMENTS | 424 | 3,403 |
| EQUITABLE SHARE | -17 | -17 |
| FIRE LEVY | - | 90 |
| FIRE LEVY : INSTALMENTS | - | - |
| HOUSING DEBTORS | 13,871 | 41,538 |
| HOUSING : INSTALMENTS | - | - |
| HOUSE SHOPS | - | - |
| INTEREST | - | 52 |
| LAND DEBTORS | 52,372 | 58,056 |
| LAND DEBTORS | 83,605 | - |
| LAND DEBTORS : KRUISFONTEIN | 1,115 | -1,064 |
| LAND DEBTORS KRUISFONTEIN SUSPENCE | -363 | - |
| NIGHTSOIL | - | - |
| SERVICES X ... INSTALMENTS | - | - |
| REFUSE | 2,856,343 | 2,481,416 |
| REFUSE INSTALMENTS | 57 | 2,306 |
| RIPARIAN LEVY | 25,309 | 9,817 |
| RIPARIAN LEVY : INSTALMENTS | - | -35 |
| ROAD LEVY | 7,692 | 12,910 |
| ROAD LEVY : INSTALMENTS | - | 90 |
| SEWERAGE | 2,765,011 | 2,430,024 |
| SEWERAGE : INSTALMENTS | 6,078 | 22,530 |
| SEWERAGE LOANS | - | -0 |
| SUNDRY : CAR LOANS | - | - |
| SUNDRY : CAR LOANS SUSPENCE | - | - |
| SUNDRY (COMPUTORISED) | 505,118 | 941,818 |
| SURCHARGE | - | 165 |
| VAT DEBTORS CONTROL | 1,824,275 | 1,564,593 |
| WATER | 4,722,578 | 3,852,319 |
| WATER : INSTALMENTS | 5,303 | 2,175 |
| | 26,591,998 | 20,367,988 |
| BAD DEBTS PROVISION | 5,586,307 | 4,425,465 |
| | 21,005,692 | 15,942,523 |
| GOVERNMENT DEBTORS INCLUDED ABOVE | 769,702 | 833,154 |
| 30 DAYS | 100,777 | 108,867 |
| 60 DAYS | 114,212 | 72,787 |
| 90 DAYS | 82,062 | 65,924 |
| 120 DAYS | 82,753 | 72,541 |
| LONGER | 389,898 | 513,035 |

NOTES TO THE FINANCIAL STATEMENTS

| | 2005 R | 2004 R |
|-------------------------------------------|------------------|------------------|
| 12. OTHER DEBTORS | | |
| SUNDRY : MANUAL | 2,460,769 | 26,919 |
| CONFERENCES : 2003/04 WOMANS | - | 45,186 |
| DEPARTMENT OF SPORT, ARTS & CULTURE | 11,593 | 12,695 |
| EXPENDITURE SECTION | 0 | 2,255,145 |
| INCOME SECTION : CREDIT TRANSACTIONS | 5,763 | 1,071,508 |
| CASHIER SURPLUSES/SHORTAGES | 143 | 143 |
| VEHICLE LICENSES : CONVERSION FEES | - | 579,167 |
| CLEANING OF ERVEN | 394,186 | 391,026 |
| HEALTH | 42,791 | 42,791 |
| RECEIVER OF REVENUE VAT CLAIM (June 2005) | 325,174 | 755,737 |
| RECEIVER OF REVENUE VAT CLAIM (MAXPROF) | - | 390,959 |
| S. BAARTMAN : LOGISTICS | - | 10,540 |
| SUNDRY | 2,038 | |
| INCOME SECTION : DEBIT TRANSACTIONS | - | 51,948 |
| REFUNDS WITHOUT CREDITS & OTH CON 90071 | - | 78,518 |
| SUSPENCE : SALARIES | 411,397 | 22,953 |
| | 3,653,854 | 5,735,235 |

13. PROVISIONS

| | | |
|---------------|-----------|-----------|
| | 1,856,565 | 1,751,476 |
| LEAVE FUND | 1,856,565 | 1,751,476 |
| Balance B/F | 1,751,476 | 1,246,268 |
| Contributions | 1,265,159 | 1,320,415 |
| Expenditure | 1,160,070 | 815,207 |

14. CREDITORS

| | | |
|---------------------------------|------------|------------|
| <u>TRADE</u> | -6,222,907 | -4,963,572 |
| SUNDRY (COMPUTORISED) | -5,247,577 | -4,683,087 |
| SUNDRY | -975,330 | -280,485 |
| <u>DEPOSITS</u> | -2,931,286 | -2,285,070 |
| DEPOSITS : BUILDING | -2,448,491 | -1,874,431 |
| DEPOSITS : CHALETS | - | -13,324 |
| DEPOSITS : COMMUNITY HALL | -4,719 | -1,894 |
| DEPOSITS : ELECTIONS | - | -4,280 |
| DEPOSITS : K.O.S. | -1,740 | -4,375 |
| DEPOSTIS : KRUISFONTEIN HALL | -8,917 | -7,285 |
| DEPOSITS : KWANOMZAMO HALL | -2,190 | -1,877 |
| DEPOSITS : NEWTON HALL | -9,720 | -9,261 |
| DEPOSITS : PAVEMENT | -22,862 | -22,862 |
| DEPOSITS : REZONING | -70,170 | -9,215 |
| DEPOSITS : SIGNS | -111,605 | -110,445 |
| DEPOSITS : TEMPORARY CONNECTION | -250,872 | -222,972 |
| DEPOSITS : TENDER | - | -2,850 |

NOTES TO THE FINANCIAL STATEMENTS

| | 2005 | 2004 |
|----------------------------------------------|-------------|-------------|
| | R | R |
| <u>OTHER</u> | -85,000 | -4,556,982 |
| KOUGA CULTURAL CENTRE | - | -4,515,940 |
| RETENTION MONEY : CAPITAL PROJECTS | -85,000 | -41,042 |
| <u>SUNDRY CREDITORS (SUSPENCE)</u> | -2,214,635 | -3,689,666 |
| LOST BOOKS | - | -8,101 |
| GRADER : DISTRICT COUNCIL | -12,019 | -2,374 |
| GENERAL | -26,255 | -21,112 |
| ELECTRONIC DEPOSITS (UNIDENTIFIED) | -487,524 | -521,082 |
| SPORT AND RECREATION | - | -1,102 |
| COAST CARE PROJECT | -15,000 | -15,000 |
| DEMARICATION COSTS | 0 | -49,982 |
| SEWERAGE | -150 | - |
| GRANTS : FREE SERVICES | -202,225 | -369,558 |
| GRANTS : MMP | - | -56,421 |
| HEALTH : LEVEL 2 MEDICINE | -13,889 | -13,889 |
| HEALTH : AWARD FROM DISTRICT OFFICE | -23,475 | -30,055 |
| INFORMATION TECHNOLOGY | - | -1,243 |
| INSURANCE | - | -136,460 |
| KOUGA CULTURAL CENTRE | -0 | -337,870 |
| PLANT SALES | -1,100 | -1,100 |
| SUBSIDY | -4,334 | -4,334 |
| SUSPENCE : VAT | -1,428,665 | -2,119,983 |
| UNALLOCATED AMOUNTS PAYMENTS IN ADVANCE | -2,579,546 | -1,734,513 |
| | -14,033,374 | -17,229,803 |

15. EMPLOYEE RELATED COSTS

| | | |
|----------------------------------------------------|------------|------------|
| <u>Employee related cost</u> | | |
| Salaries and Wages | 52,679,865 | 45,730,715 |
| Social Contributions | 8,642,972 | 7,962,952 |
| | 61,322,837 | 53,693,666 |
| <u>Remuneration of the Municipal Manager</u> | | |
| Annual Remuneration | 383,163 | 284,959 |
| Performance Bonuses | | |
| Car Allowance | 148,140 | |
| Total | 531,303 | 284,959 |
| <u>Remuneration of the Chief Financial Officer</u> | | |
| Annual Remuneration | 255,724 | 318,889 |
| Performance Bonuses | - | 61,204 |
| Car Allowance | 102,600 | |
| Total | 358,324 | 380,093 |

NOTES TO THE FINANCIAL STATEMENTS

| | 2005 R | 2004 R |
|--------------------------------------------|-----------|-----------|
| <u>Remuneration of Executive Directors</u> | | |
| Annual Remuneration | 1,501,755 | 1,724,466 |
| Performance Bonuses | - | 3,443,360 |
| Car Allowance | 577,800 | |
| | <hr/> | <hr/> |
| Total | 2,079,555 | 5,167,826 |
| | <hr/> | <hr/> |

16. REMUNERATION OF COUNCILLORS

| | | |
|------------------------------------------------------------|-----------|-----------|
| Speaker | 186,858 | 214,228 |
| Standing Committee Members | | |
| Councillors | 1,050,408 | 1,914,447 |
| | <hr/> | <hr/> |
| Reimbursive traveling outside the Municipal area included. | 1,237,266 | 2,128,675 |
| | <hr/> | <hr/> |

Certification by the Municipal Manager

I certify that the expenditure incurred in respect of allowances, other than the cellphone allowances, paid to Councillors is correct.

The payment in respect of cellphone allowances paid before January 2005 do not comply to the Government Gazette R1097 - Remuneration of public Office Bearers Act (20 of 1998). The matter was referred for the attention of the MEC of Local Government, Housing and Traditional Affairs, Eastern Cape.

D.J. DE LANGE
ACTING MUNICIPAL MANAGER

20. BANK, CASH AND OVERDRAFT BALANCES

The Municipality have the following bank accounts :

Current Account :

| | | |
|---------------------------------------------------|------------|------------|
| First National Bank : Jeffreys Bay 525 400 207 91 | 8,995,020 | -3,592,616 |
| First National Bank : Jeffreys Bay 525 400 335 04 | 5,341,089 | 1,373,616 |
| | <hr/> | <hr/> |
| Balance (-Overdrawn) | 14,336,109 | -2,218,999 |
| | <hr/> | <hr/> |
| Cashbook | 13,031,609 | -8,714,640 |
| | <hr/> | <hr/> |

Investment Accounts

| | | | | |
|--------------------------|---|------------|-----------|-----------|
| Gensec - Redemption Fund | * | 5004 | 3,358,860 | 7,272,378 |
| Momentum-Loan Redp.Fund | | 89274836 | 331,904 | 331,904 |
| Boe-Colatorial | | 221699505 | 19,000 | 19,000 |
| ABSA-Collateral | | 2047910721 | 5,000 | 5,000 |
| ABSA-Severance | | 2058034594 | 50,050 | 46,759 |
| ABSA-Scheme Map | | 2058037966 | 26,098 | 24,696 |
| ABSA-Structure Plan | | 2058817495 | 128,268 | 119,833 |

NOTES TO THE FINANCIAL STATEMENTS

| | | 2005 | 2004 |
|-------------------------------|----------------|-------------------|-------------------|
| | | R | R |
| ABSA-Gen Ac | 2098560001 | 1,177 | 1,177 |
| Boe-Colateral | 2216995424 | 6,200 | 6,200 |
| Boe-Colateral | 2216995433 | 48,000 | 48,000 |
| Boe-Colateral | 2216995434 | 7,500 | 7,500 |
| Boe-Collateral | 2216995436 | 5,800 | 5,800 |
| Boe-Colateral | 2216995437 | 4,500 | 4,500 |
| ABSA-Colateral | 4276130264 | 32,306 | 32,306 |
| ABSA-LDP | 9062663241 | 6,101 | 6,007 |
| ABSA-PHsgProject | 9078617359 | 240,240 | 233,883 |
| FNB-Severance | 60327028820 | 2,292 | 2,292 |
| FNB-Gen Ac | 61327730241 | - | 8,074 |
| FNB-Severance | 61327730499 | 19,294 | 19,135 |
| FNB-Sewerage | 62005235933 | 19,426 | 19,426 |
| FNB-PHsgProject Jbay | 62032429137 | 62,218 | 62,218 |
| FNB-Land Purchases | 62032806476 | 7,797 | 7,616 |
| FNB-Kouga Municipality | 62059191355 | 195,791 | 1,186,441 |
| FNB-Thornhill 85 Trust | 62059651185 | 2,199 | 203,252 |
| FNB-Gen Ac | 62059907827 | 5,516,200 | 5,193,702 |
| FNB-Rosedale 359 Trust | 62063363552 | 557 | - |
| FNB-Sea Vista 95 Trust | 62063363677 | 344,910 | 1,087,325 |
| FNB-Patensie 80 Trust | 62063363776 | 33,469 | 1,071,043 |
| FNB-Thornhill 277 Trust | 62063363940 | 281,327 | - |
| Kwanomzamo 168 Trust | 62064404058 | 24,473 | - |
| Gill Marcus Trust | 62064404173 | 1,032,409 | - |
| Youth Camp 85 Trust | 62064404305 | 161,763 | - |
| Kwanomzamo 139 Trust | 62064404404 | 1,994,693 | - |
| Kwanomzamo 40 Trust | 62064404553 | 211,799 | - |
| Vaaldam 317 Trust | 62064404678 | 2,728,658 | - |
| FNB-Rosedale 359 Operational | 62065758305 | 19,766 | 108,954 |
| FNB-Thornhill 277 Operational | 62065758454 | 74,328 | 329,849 |
| FNB-Patensie 80 Operational | 62065758553 | 44,661 | (68) |
| FNB-Sea Vista 95 Operational | 62065758628 | 296,600 | 41,479 |
| FNB-Thornhill 85 Operational | 62065758727 | 133,400 | 75 |
| FNB-Structure Plan | 73254018640 | 16,263 | 15,108 |
| FNB-Grondbesitregte | 73254018666 | 3,050 | 2,834 |
| FNB-Idp | 74001613443 | 48,256 | 44,828 |
| FNB-Business Centre | 74010428081 | 21,394 | 19,615 |
| FNB-Grondbesitregte | 74010684427 | 4,325 | 4,034 |
| FNB-Zoning | 74013801101 | 14,527 | 13,495 |
| FNB-Gen Ac | 74021828981 | 8,316 | 8,316 |
| FNB-Social Plan | 74023904747 | 74,065 | 68,805 |
| FNB-Gen Ac | 74026164760 | 8,770 | 8,330 |
| FNB-ErfDeposit Erf1317 | 74031912237 | 5,463 | 5,096 |
| FNB-100 Hect | 74049938481 | 39,667 | 37,508 |
| FNB-Juice Factory | 74051967717 | 538,318 | 501,734 |
| Investec-Redemption Fund | * 121729117777 | 1,251,495 | 1,569,937 |
| Nedcor Bank-Collateral | 145019949998 | 10,909 | 10,909 |
| | | <u>19,523,848</u> | <u>19,816,305</u> |

* Redemption Fund (Secure External Loans)

NOTES TO THE FINANCIAL STATEMENTS

| | 2005 R | 2004 R |
|---------------------------------------------------------------|------------|-------------|
| 21. NET SURPLUS/(-DEFICIT) FOR THE YEAR | | |
| Surplus/(-Deficit) at the beginning of the year | -4,454,931 | 1,549,657 |
| Operational Surplus/(-Deficit) for the year | 6,678,856 | 895,761 |
| <u>Appropriation Transactions</u> | | 3,485,340 |
| Depreciation | 2,987,630 | - |
| Transfer to Insurance Fund | - | - |
| EFF External Loans Redemption | | |
| Transfer to Leave Reserve | -1,265,159 | -1,320,415 |
| Transfer to AFF : SBAY Sewerage | -666,445 | -261,407 |
| Transfer to AFF : SBAY Waterways | -329,775 | -128,717 |
| Provision for bad debts | -1,160,842 | -213,448 |
| Transfer to Valuation Reserve | -1,383,444 | |
| <u>Previous year transactions</u> | | -1,099,833 |
| Debtors | -498,327 | -6,968,570 |
| Creditors/Orders Previous year | -2,415,585 | -87,955 |
| VAT Claim | 2,264,122 | - |
| Cashbook/Bankrecon | 5,677,524 | 27,090 |
| Womans Day Award overspend | -45,186 | |
| Sarah Baartman Funeral overspend | -10,540 | |
| Stock shortages written off | -137,298 | |
| <u>Erouneous Accruals Before Demarcation</u> | | |
| Lost Books | 8,101 | |
| Conversion Fees (Old HDP) | -579,167 | |
| Growth capitalised as interest on Redemption Fund Investments | -4,231,960 | |
| Chalet Deposits | 13,324 | -332,436 |
| | <hr/> | <hr/> |
| Surplus/(-Deficit) at the end of the year | 450,899 | -4,454,931 |
| | <hr/> | <hr/> |
| 22. CASH GENERATED BY OPERATIONS | | |
| Net surplus/(-deficit) for the year | 6,678,856 | 895,761 |
| Adjustments in respect of: | | |
| Provision for Bad Debts | 1,160,842 | 213,448 |
| Depreciation | 4,647,855 | 4,624,370 |
| Capital receipts realised | | |
| Investment income | -1,009,108 | -2,223,892 |
| Interest paid | 9,474,237 | 8,532,614 |
| | <hr/> | <hr/> |
| | 20,952,681 | 12,042,300 |
| (-Increase)/decrease in inventory | -657,020 | -147,662 |
| (-Increase)/decrease in debtors | 714,888 | 7,610,832 |
| Increase/(-decrease) in provisions | 105,089 | 505,208 |
| Increase/(-decrease) in creditors | -2,861,101 | -12,363,285 |
| | <hr/> | <hr/> |
| | 18,254,537 | 7,647,393 |
| | <hr/> | <hr/> |

NOTES TO THE FINANCIAL STATEMENTS

| | 2005 R | 2004 R |
|--------------------------------------|------------|------------|
| 23. CASH AND CASH EQUIVALENTS | | |
| Balance at the end of the year | 32,562,067 | 11,108,376 |
| Investments | 4,610,355 | 9,012,315 |
| Short-term | 14,913,493 | 10,803,990 |
| Cash Resources | 6,610 | 6,710 |
| Bank (-Overdraft) | 13,031,609 | -8,714,640 |
| Balance at the beginning of the year | 11,108,376 | 5,971,167 |
| Investments | 9,012,315 | 7,866,127 |
| Short-term | 10,803,990 | 4,297,528 |
| Cash Resources | 6,710 | 6,490 |
| Bank (-Overdraft) | -8,714,640 | -6,198,978 |
| | 21,453,691 | 5,137,209 |

24. EXTERNAL FINANCE FUND

| | | |
|------------------------------------------------------|------------|------------|
| EFF : BANK | -2,576,364 | -1,726,252 |
| EFF : INVESTMENT | 38,294 | 38,294 |
| Balance at the beginning of the year | -1,726,252 | -4,859,145 |
| Received during the year | 4,202,151 | 5,000,000 |
| Utilised during the year | 5,013,968 | 1,828,813 |
| Water Filters Jeffreysbay | 235,586 | |
| CSF Main Sub | 211,590 | |
| Water Pipeline Jbay | 752,963 | |
| Sewerage Noorsekloof | 76,284 | |
| Roads 100 ha Jbay | 12,281 | |
| Sewerage Outfall Youth Camp | 249,482 | |
| Taxi Rank Humansdorp | 13,300 | |
| Water Bulk Supply Kwanomzamo | 141,663 | |
| Water reticulation 100 ha Jbay | 169,650 | |
| Beach Erosion Sbay | 98,715 | |
| Stormwater Sea Vista | 929,713 | |
| Sewer Pumpstation Sbay | 235,341 | |
| Kruisfontein Sewerage Treatment Plant cmip/dbsa loan | 341,377 | |
| Upgrade Water Jill Marcus | 386,699 | |
| Water reticulation KNZM 127 erven | 54,971 | |
| Reticulation Jbay HDP and Sbay | 898,967 | |
| Waterpoints HDP Informal 2003/04 | 30,556 | |
| Roads Industrial Sbay 2003/04 | 58,974 | |
| Electricity Industrial Sbay 2003/04 | 436,320 | |
| Sewerage Bucket Eradication 2003/04 | 151,170 | |
| ELECTRICITY UPGRADE HDP 2003/04 | | 45,793 |
| ELECTRIFICATION TOKYO/PELL 2003/04 | | 1,174,892 |
| JBAY WATER RETICULATION 2003/04 | | 98,845 |
| ELECTRICITY INDUS ERVEN SB 2003/04 | | 37,649 |
| ST FRANCIS BAY BULK WATER 2003/04 | (471,633) | 471,633 |

NOTES TO THE FINANCIAL STATEMENTS

| | 2005 | 2004 |
|------------------------------------------------------------------------------------|------------|------------|
| | R | R |
| 25. ADDITIONAL DISCLOSURES IN TERMS OF THE MUNICIPAL FINANCE MANAGEMENT ACT | | |
| <u>Contributions to SALGA</u> | | |
| Opening balance | - | - |
| Council subscriptions | 295,250 | 247,065 |
| Amount paid : current year | -295,250 | -247,065 |
| Amount paid : previous years | | |
| | | |
| Balance unpaid (included in creditors) | - | - |
| <u>Contributions to the Bargaining Council</u> | | |
| Opening balance | - | - |
| Council subscriptions | 21,572 | 20,547 |
| Amount paid : current year | -21,572 | -20,547 |
| Amount paid : previous years | | |
| | | |
| Balance unpaid (included in creditors) | - | - |
| <u>Audit Fees</u> | | |
| Opening balance | 45,499 | 309,438 |
| Current year Audit Fee | 1,059,280 | 854,700 |
| Amount paid : current year | -795,341 | -809,201 |
| Amount paid : previous years | -309,438 | -309,438 |
| | | |
| Balance unpaid (not included in creditors) | 0 | 45,499 |
| <u>PAYE, Skills Levy & UIF</u> | | |
| Opening balance | - | - |
| Current year payroll deductions | 7,989,945 | 7,420,384 |
| Amount paid : current year | -7,989,945 | -7,420,384 |
| Amount paid : previous years | | |
| | | |
| Balance unpaid (included in creditors) | - | - |
| <u>Pension and Medical Aid Deductions</u> | | |
| Opening balance | | |
| Current year payroll deductions & Council Share | 8,544,650 | 7,865,915 |
| Amount paid : current year | -8,544,650 | -7,865,915 |
| Amount paid : previous years | | |
| | | |
| Balance unpaid (included in creditors) | - | - |

NOTES TO THE FINANCIAL STATEMENTS

| | | 2005 | 2004 |
|------------------------------------------------------------------------------------------|-------|-----------|-----------|
| | | R | R |
| <u>Councillors arrear consumer accounts</u> | | | |
| The following Councillors had arrear accounts outstanding for more than 90 days as at :- | | | |
| 30 JUNE 2005 | Total | < 90 Days | 90 days + |
| A Mabukane | 3,459 | | 3,459 |
| V Stuurman | 5,202 | 614 | 5,118 |
| D Nichols | 1,421 | - | 1,421 |

Less than 90 days include the current account only payable in July

| | | | |
|--------------|-------|-----------|-----------|
| 30 JUNE 2004 | Total | < 90 Days | 90 days + |
|--------------|-------|-----------|-----------|

APPENDIX A
SCHEDULE OF LONG TERM LIABILITIES

| EXTERNAL LOANS | LOAN NUMBER | BALANCE | RECEIVED | CAPITALISED | TRANSFERRED | REDEEMED | BALANCE |
|----------------|-------------|-----------|----------|-------------|-------------|----------|-----------|
| INCA | 139 | 12,716 | - | - | - | 12,716 | - |
| INCA | 140 | 177,969 | - | - | - | 62,151 | 115,818 |
| INCA | 141 | 102,005 | - | - | - | 35,624 | 66,381 |
| DBSA | 145 | 4,342,021 | - | - | - | 88,952 | 4,253,069 |
| DBSA | 146 | 774,000 | - | - | - | 36,754 | 737,246 |
| DBSA | 147 | 2,377,471 | - | - | - | 109,226 | 2,268,245 |
| DBSA | 148 | 2,099 | - | - | - | 1,312 | 787 |
| BANKFIN | 149 | 9,775 | - | - | - | - | 9,775 |
| INCA | 379 | 4,000,000 | - | - | - | - | 4,000,000 |
| INCA | 380 | 7,677,130 | - | - | - | - | 7,677,130 |
| INCA | 381 | 3,599,142 | - | - | - | 229,708 | 3,369,434 |
| DBSA | 485 | 206,520 | - | - | - | 22,331 | 184,189 |
| DBSA | 486 | 155,484 | - | - | - | 35,453 | 120,032 |
| DBSA | 487 | 4,664 | - | - | - | 1,063 | 3,600 |
| DBSA | 488 | 6,821 | - | - | - | 1,555 | 5,266 |
| DBSA | 489 | 80,434 | - | - | - | 8,698 | 71,736 |
| DBSA | 490 | 326,082 | - | - | - | 35,260 | 290,822 |
| DBSA | 491 | 162,063 | - | - | - | 36,953 | 125,110 |
| DBSA | 492 | 16,304 | - | - | - | 1,763 | 14,541 |
| DBSA | 493 | 55,170 | - | - | - | 12,580 | 42,590 |
| DBSA | 494 | 70,651 | - | - | - | 7,640 | 63,011 |
| DBSA | 495 | 227,905 | - | - | - | 20,952 | 206,954 |
| DBSA | 496 | 28,415 | - | - | - | 2,622 | 25,792 |
| DBSA | 498 | 83,651 | - | - | - | 8,128 | 75,523 |
| DBSA | 499 | 302,009 | - | - | - | 22,740 | 279,269 |
| DBSA | 501 | 287,541 | - | - | - | 16,493 | 271,048 |
| DBSA | 502 | 1,218,443 | - | - | - | 47,657 | 1,170,786 |
| DBSA | 503 | 63,902 | - | - | - | 9,497 | 54,405 |
| DBSA | 505 | 2,454,618 | - | - | - | 40,677 | 2,413,941 |
| DBSA | 506 | 51,522 | - | - | - | 4,704 | 46,818 |
| DBSA | 507 | 470,846 | - | - | - | 16,089 | 454,758 |
| DBSA | 508 | 486,676 | - | - | - | 10,610 | 476,066 |
| DBSA | 509 | 866,422 | - | - | - | 56,804 | 809,618 |
| DBSA | 510 | 16,432 | - | - | - | 10,272 | 6,160 |
| DBSA | 511 | 5,138 | - | - | - | 3,997 | 1,142 |
| DBSA | 512 | 64,984 | - | - | - | 2,542 | 62,442 |
| CACADU | 513 | 107,061 | - | - | - | 9,553 | 97,508 |
| DBSA | 514 | 93,414 | - | - | - | 3,654 | 89,760 |
| DBSA | 515 | 356,530 | - | - | - | 6,866 | 349,664 |
| ABSA | 517 | 4,500,000 | - | - | - | - | 4,500,000 |
| ABSA | 518 | 3,500,000 | - | - | - | - | 3,500,000 |
| ABSA | 519 | 200,000 | - | - | - | 200,000 | - |
| DBSA | 521 | 231,872 | - | - | - | 25,973 | 205,899 |
| DBSA | 522 | 507,262 | - | - | - | 56,665 | 450,598 |
| DBSA | 523 | 753,727 | - | - | - | 48,024 | 705,703 |
| DBSA | 524 | 6,891,052 | - | - | - | 109,878 | 6,781,174 |
| DBSA | 525 | 3,336,430 | - | - | - | 55,532 | 3,280,898 |

APPENDIX A
SCHEDULE OF LONG TERM LIABILITIES

| EXTERNAL LOANS | LOAN NUMBER | BALANCE | RECEIVED | CAPITALISED | TRANSFERRED | REDEEMED | BALANCE |
|-------------------|----------------|------------|-----------|-------------|-------------|-----------|------------|
| DBSA | 526 | 4,029,806 | - | - | - | 61,484 | 3,968,322 |
| CACADU | 527 | 430,082 | - | - | - | 87,077 | 343,005 |
| CACADU | 528 | 154,704 | - | - | - | 5,911 | 148,793 |
| CACADU | 529 | 2,806 | - | - | - | 2,258 | 549 |
| INCA | 530 | 4,740,913 | - | - | - | 307,752 | 4,433,161 |
| DBSA | 531 | - | 4,202,151 | - | - | - | 4,202,151 |
| | | 60,622,684 | 4,202,151 | - | - | 1,994,146 | 62,830,688 |
| ABSA | | 8,355,051 | - | | | 208,169 | 8,146,883 |
| CACADU | | 537,143 | - | | | 96,629 | 440,513 |
| Bankfin | | 12,234 | - | | | - | 12,234 |
| DBSA | | 31,408,381 | 4,202,151 | | | 1,041,398 | 34,569,134 |
| INCA | | 20,309,875 | - | | | 647,950 | 19,661,924 |
| | | 60,622,683 | 4,202,151 | - | - | 1,994,146 | 62,830,688 |
| | | 0 | - | - | - | - | 0 |

[illegible][illegible]

APPENDIX B
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT

| | COST | | | | | ACCUMULATED DEPRECIATION | | | | |
|--------------------------------|--------------------|-----------|-----------|-----------|--------------------|--------------------------|-------------|------------|-----------|--------------------|
| | OPENING BALANCE | ADDITIONS | TRANSFERS | DISPOSALS | CLOSING BALANCE | OPENING BALANCE | ADDITIONS | TRANSFERS | DISPOSALS | CLOSING BALANCE |
| | - | - | - | - | - | - | - | - | - | - |
| INFRASTRUCTURE ASSETS | | | | | | (96,501,557) | -6,032,384 | -789 | - | -102,534,730 |
| BEACH NOURISHMENT SCHEME | 1,549,104 | - | - | - | 1,549,104 | - | - | 0 | - | - |
| BUILDINGS | 20,000 | - | - | - | 20,000 | - | - | 0 | - | - |
| ELECTRICITY | 4,790,553 | 1,855,564 | - | - | 6,646,118 | - | - | 0 | - | - |
| ELECTRICITY SCHEME | 38,112,709 | 499,621 | - | - | 38,612,331 | - | - | 0 | - | - |
| GROUND | 1,154,099 | - | - | - | 1,154,099 | - | - | 0 | - | - |
| HOUSING | 4,021,589 | - | - | - | 4,021,589 | - | - | 0 | - | - |
| PARKS & GARDENS | 56,302 | - | - | - | 56,302 | - | - | 0 | - | - |
| PLANNING & DEVELOPMENT | 70,461 | - | - | - | 70,461 | - | - | 0 | - | - |
| PLANT & EQUIPMENT | 12,900 | - | - | - | 12,900 | - | - | 0 | - | - |
| REFUSE SITE | 508,216 | - | - | - | 508,216 | - | - | 0 | - | - |
| ROADS | 33,935,064 | 941,994 | - | - | 34,877,058 | - | - | 0 | - | - |
| SECURITY MEASURES | 148,578 | - | - | - | 148,578 | - | - | 0 | - | - |
| SEWERAGE | 3,001,667 | 1,289,760 | - | - | 4,291,427 | (392,980) | - | 0 | - | -392,980 |
| SEWERAGE SCHEME | 46,080,457 | - | 1,969,664 | - | 48,050,121 | - | - | 0 | - | - |
| TOOLS AND EQUIPMENT | 229,468 | - | - | - | 229,468 | - | - | 0 | - | - |
| VEHICLES/PLANT | 659,775 | - | - | - | 659,775 | - | - | 0 | - | - |
| WATER | 3,254,642 | 2,911,082 | - | - | 6,165,724 | - | - | 0 | - | - |
| WATER MANAGEMENT STUDY 2004-06 | - | - | - | - | - | (77,075) | - | 0 | - | -77,075 |
| WATER MANAGEMENT STUDY 2004-06 | 27,431,412 | 455,903 | - | - | 27,887,315 | - | - | 0 | - | - |
| | 165,036,996 | 7,953,925 | 1,969,664 | - | 174,960,585 | (96,971,612) | (6,032,384) | (789) | - | -103,004,785 |
| INVESTMENT ASSETS | | | | | | (1,460,470) | - | - | - | -1,460,470 |
| ELECTRICITY | 450,389 | - | -450,389 | - | - | - | - | 0 | - | - |
| GROUND | 1,460,470 | - | - | - | 1,460,470 | - | - | 0 | - | - |
| WATER | 46,922 | - | -46,922 | - | - | - | - | 0 | - | - |
| | 1,957,781 | - | -497,311 | - | 1,460,470 | (1,460,470) | - | - | - | -1,460,470 |
| OTHER ASSETS | | | | | | (11,498,858) | -852,047 | -1,216,246 | - | -13,567,151 |
| BUILDINGS | 720,010 | - | - | - | 720,010 | - | - | 0 | - | - |
| COMPUTER EQUIPMENT | 1,491,292 | 146,445 | - | - | 1,637,737 | - | - | 0 | - | - |
| DEVELOPMENT AND PLANNING | 53,993 | - | - | - | 53,993 | - | - | 0 | - | - |
| ENGINEERING | 70,000 | - | - | - | 70,000 | - | - | 0 | - | - |
| FURNITURE AND FITTINGS | 2,047,065 | 98,570 | -64,553 | - | 2,081,083 | - | - | 0 | - | - |
| GROUND | 70,046 | - | - | - | 70,046 | - | - | 0 | - | - |
| MOTOR VEHICLES | 1,534,256 | - | - | - | 1,534,256 | - | - | 0 | - | - |

APPENDIX B
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT

| | COST | | | | | ACCUMULATED DEPRECIATION | | | | |
|------------------------|--------------------|------------------|-----------|-----------|--------------------|--------------------------|-------------------|-------------|-----------|---------------------|
| | OPENING BALANCE | ADDITIONS | TRANSFERS | DISPOSALS | CLOSING BALANCE | OPENING BALANCE | ADDITIONS | TRANSFERS | DISPOSALS | CLOSING BALANCE |
| OFFICE EQUIPMENT | 98,019 | 822 | - | - | 98,841 | - | - | 0 | - | - |
| PLANNING & DEVELOPMENT | 19,219 | - | - | - | 19,219 | - | - | 0 | - | - |
| PLANT & EQUIPMENT | 481,138 | - | - | - | 481,138 | - | - | 0 | - | - |
| RADIOS | 37,810 | - | - | - | 37,810 | - | - | 0 | - | - |
| REFUSE SITE | 75,073 | - | - | - | 75,073 | - | - | 0 | - | - |
| ROADS | 259,933 | 13,300 | - | - | 273,233 | - | - | 0 | - | - |
| SECURITY MEASURES | 986,365 | 98,715 | -171,664 | - | 913,416 | - | - | 0 | - | - |
| SPORT AND RECREATION | 19,569 | - | - | - | 19,569 | - | - | 0 | - | - |
| TOOLS AND EQUIPMENT | 1,158,273 | 91,408 | - | - | 1,249,682 | - | - | 0 | - | - |
| VEHICLES/PLANT | 6,907,041 | - | - | - | 6,907,041 | - | - | 0 | - | - |
| WALKWAYS | - | - | - | - | - | - | - | 0 | - | - |
| WATERCRAFT | 492,483 | - | - | - | 492,483 | - | - | 0 | - | - |
| | 16,521,587 | 449,260 | -236,217 | - | 16,734,630 | (11,498,858) | (852,047) | (1,216,246) | - | -13,567,151 |
| | 225,490,583 | 8,403,185 | - | - | 233,893,768 | (144,752,725) | -7,635,485 | 0 | - | -152,388,210 |

APPENDIX C
SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT
30 JUNE 2005

| 2004 | SERVICE | ESTIMATE | BALANCE | 2003/04 | 2003/04 | 2003/04 | BALANCE |
|-------------------|--------------------------------------------|----------|-------------------|-------------------|-----------|-------------|-------------------|
| EXPENDITURE | | 2003/04 | 30 JUNE 2004 | EXPENDITURE | DISPOSALS | | 30 JUNE 2005 |
| 9,995,329 | <u>RATES & GENERAL SERVICES</u> | - | 51,264,658 | -2,424,472 | - | 789 | 48,840,974 |
| -665,622 | COMMUNITY ASSETS | - | 7,098,024 | -740,888 | - | 1,217,035 | 7,574,171 |
| -4,042 | HERITAGE ASSETS | - | 46,155 | -7,556 | - | - | 38,598 |
| - | HOUSING ASSETS | - | - | - | - | - | - |
| 8,959,877 | INFRASTRUCTURE ASSETS | - | 40,044,837 | -1,414,911 | - | - | 38,629,926 |
| - | INVESTMENT ASSETS | - | - | - | - | - | - |
| 1,705,115 | OTHER ASSETS | - | 4,075,642 | -261,118 | - | -1,216,246 | 2,598,279 |
| 4,539,420 | <u>TRADING SERVICES</u> | - | 29,473,200 | 3,192,173 | - | -789 | 32,664,584 |
| 1,847,982 | <u>ELECTRICITY</u> | - | 19,748,217 | 786,339 | - | -789 | 20,533,768 |
| -1,853 | COMMUNITY ASSETS | - | 2,733 | -1,367 | - | - | 1,367 |
| - | HERITAGE ASSETS | - | - | - | - | - | - |
| - | HOUSING ASSETS | - | - | - | - | - | - |
| 1,426,928 | INFRASTRUCTURE ASSETS | - | 19,275,736 | 792,968 | - | -789 | 20,067,916 |
| 450,389 | INVESTMENT ASSETS | - | 450,389 | - | - | - | 450,389 |
| -27,482 | OTHER ASSETS | - | 19,358 | -5,262 | - | - | 14,096 |
| 2,691,437 | <u>WATER</u> | - | 9,724,983 | 2,405,833 | - | - | 12,130,816 |
| -1,876 | COMMUNITY ASSETS | - | 5,523 | -1,243 | - | - | 4,280 |
| - | HERITAGE ASSETS | - | - | - | - | - | - |
| - | HOUSING ASSETS | - | - | - | - | - | - |
| 1,754,490 | INFRASTRUCTURE ASSETS | - | 8,744,810 | 2,543,483 | - | - | 11,288,293 |
| 46,922 | INVESTMENT ASSETS | - | 46,922 | - | - | - | 46,922 |
| 891,902 | OTHER ASSETS | - | 927,728 | -136,407 | - | - | 791,321 |
| 14,534,748 | TOTAL | - | 80,737,857 | 767,700 | - | 0 | 81,505,558 |

APPENDIX D
ANALYSIS OF OPERATING REVENUE AND EXPENSES FOR THE YEAR END
30-Jun-2005

| 2004 | | 2005 | |
|--------------------|---------------------------------------------------|--------------------|--------------------|
| Actual | | Actual | Budget |
| R | | R | R |
| REVENUE | | | |
| 3,332,811 | Government and Provincial Grants and Subsidies | 10,475,339 | 10,475,000 |
| 133,541,216 | Revenue from rates, tariffs, service charges etc. | 153,716,399 | 133,725,110 |
| <u>136,874,027</u> | | <u>164,191,738</u> | <u>144,200,109</u> |
| EXPENSES | | | |
| 53,693,666 | Salaries, wages and allowances | 61,322,837 | 62,965,830 |
| 63,726,160 | General expenses | 77,913,278 | 60,637,710 |
| 21,336,455 | Purchase of electricity | 26,069,046 | 20,611,790 |
| 3,165,333 | Purchase of water | 5,531,969 | 2,891,170 |
| 39,224,373 | Other general expenses | 46,312,263 | 37,134,750 |
| 8,442,699 | Repairs and maintenance | 10,053,646 | 11,023,630 |
| - | - Capital ex revenue | - | 673,870 |
| 7,969,635 | Depreciation | 7,636,724 | 6,141,300 |
| 8,532,614 | Finance costs | 9,474,237 | 9,925,640 |
| | Contribution to Funds | | |
| <u>142,364,776</u> | Gross Expenses | <u>166,400,722</u> | <u>151,367,980</u> |
| 6,386,510 | Less: Amounts charged out | 8,887,840 | 8,887,870 |
| <u>135,978,266</u> | Net Expenses | <u>157,512,882</u> | <u>142,480,110</u> |

APPENDIX E
SEGMENTAL INCOME STATEMENT FOR THE YEAR ENDED
30-Jun-2005

| 2004 | | | | 2005 | | |
|----------------------------|-------------|--------------|---------------------------|-------------|-------------|--------------|
| Actual | | Surplus/ | | Actual | | Surplus/ |
| Income | Expenditure | (-Deficit) | | Income | Expenditure | (-Deficit) |
| R | R | R | | R | R | R |
| RATES AND GENERAL SERVICES | | | | | | |
| 77,897,160 | 87,660,036 | (9,762,876) | COMMUNITY SERVICES | 95,889,749 | 96,317,754 | (428,005) |
| 50,467,952 | 57,125,573 | (6,657,621) | ASSESSMENT RATES | 60,989,046 | 62,984,276 | (1,995,230) |
| 38,232,080 | 1,242,558 | 36,989,522 | BEACH | 50,911,352 | 5,423,001 | 45,488,351 |
| 12,462 | 1,566,705 | (1,554,243) | BUILDINGS AND PROPERTIES | 6,600 | 1,120,447 | (1,113,847) |
| 460,096 | 2,496,096 | (2,036,000) | CEMETERY | 418,813 | 2,538,424 | (2,119,611) |
| 102,618 | 216,592 | (113,974) | COMMUNITY SERVICES | 99,430 | 212,444 | (113,014) |
| - | 518,394 | (518,394) | CORPORATE SERVICES | - | 947,585 | (947,585) |
| 1,662 | 4,545,269 | (4,543,607) | COUNCIL | 1,617 | 5,145,750 | (5,144,133) |
| 1,709,990 | 6,235,132 | (4,525,142) | DATA PROCESSING | 513,843 | 5,366,395 | (4,852,552) |
| - | (35,604) | 35,604 | ECONOMIC DEVELOPMENT | - | (95,875) | 95,875 |
| 7,000 | 2,758,870 | (2,751,870) | ENGINEERING | - | 1,012,409 | (1,012,409) |
| 10,942 | 1,808,834 | (1,797,892) | HUMAN RESOURCES | 9,745 | 2,054,190 | (2,044,445) |
| | 659,066 | (659,066) | INTERNAL AUDIT | - | 1,201,344 | (1,201,344) |
| 20,736 | 1,665,334 | (1,644,598) | LIBRARY | - | 334,469 | (334,469) |
| | 845,422 | (845,422) | MAYOR | 21,600 | 1,409,401 | (1,387,802) |
| - | 487,606 | (487,606) | MECHANICAL WORKSHOP | - | 796,329 | (796,329) |
| | 381,467 | (381,467) | MUNICIPAL MANAGER | - | 166,938 | (166,938) |
| 61,035 | 210,211 | (149,176) | MUSEUMS | - | 1,814,409 | (1,814,409) |
| 266,047 | 152,952 | 113,095 | NATURE CONSERVATION | 68,538 | 125,165 | (56,627) |
| - | 5,517,650 | (5,517,650) | PARKS AND OPEN SPACES | 273,024 | 193,896 | 79,128 |
| 1,591,317 | 3,292,168 | (1,700,851) | PLANNING AND DEVELOPMENT | - | 5,860,033 | (5,860,033) |
| - | 3,589 | (3,589) | POUND | 2,128,373 | 3,912,517 | (1,784,144) |
| 3,389,056 | 4,669,379 | (1,280,323) | PROTECTIVE SERVICES | - | 2,862 | (2,862) |
| 165,558 | 11,775,449 | (11,609,890) | PUBLIC WORKS | 3,355,466 | 5,876,335 | (2,520,868) |
| | | - | SOCIAL DEVELOPMENT | 124,692 | 11,348,097 | (11,223,405) |
| (600) | 538,398 | (538,998) | SPORT AND RECREATION | - | 357,250 | (357,250) |
| 13,648 | 18,551 | (4,903) | STORES | - | 633,019 | (633,019) |
| 4,424,307 | 5,555,488 | (1,131,181) | TREASURY | 4,603 | 16,880 | (12,278) |
| | | | | 3,051,352 | 5,210,562 | (2,159,210) |
| 3,144,102 | 6,099,806 | (2,955,704) | SUBSIDISED SERVICES | 3,921,422 | 6,052,958 | (2,131,536) |
| 587,590 | 983,028 | (395,438) | ENVIRONMENTAL HEALTH | 763,937 | 1,197,919 | (433,982) |
| 1,622,720 | 3,557,535 | (1,934,815) | FIRE BRIGADE | 1,750,000 | 3,035,832 | (1,285,832) |
| 933,792 | 1,557,736 | (623,944) | HEALTH | 1,407,485 | 1,819,208 | (411,723) |
| - | 1,507 | (1,507) | OCCUPATIONAL HEALTH | - | - | - |
| 24,285,105 | 24,434,657 | (149,551) | ECONOMIC SERVICES | 30,979,282 | 27,280,520 | 3,698,762 |
| 1,941,105 | 2,191,117 | (250,012) | CARAVAN PARKS AND CAMPING | 2,179,214 | 2,347,830 | (168,616) |
| 8,787,588 | 8,867,591 | (80,003) | REFUSE | 12,217,497 | 11,134,503 | 1,082,994 |
| 13,556,412 | 13,375,949 | 180,464 | SEWERAGE | 16,582,571 | 13,798,186 | 2,784,384 |
| | | | | | | |
| 58,976,867 | 48,318,230 | 10,658,637 | TRADING SERVICES | 68,301,989 | 61,195,128 | 7,106,861 |
| 41,479,113 | 33,590,362 | 7,888,751 | ELECTRICITY | 47,575,089 | 40,498,118 | 7,076,972 |
| 442,242 | 313,524 | 128,717 | WATERWAYS | 531,516 | 232,572 | 298,944 |
| 17,055,512 | 14,414,343 | 2,641,169 | WATER | 20,195,383 | 20,464,439 | (269,056) |
| | | | | | | |
| 136,874,027 | 135,978,266 | 895,761 | | 164,191,738 | 157,512,882 | 6,678,856 |

APPENDIX F
STATISTICAL INFORMATION
30 JUNE 2005

| | | 2004/05 | 2003/04 | 2002/03 |
|----------------------------------|---------------------------------------------------------------------------------------|---------------|---------------|-------------|
| A. GENERAL STATISTICS | | | | |
| 1 | Population (approximate) | 80000 | 60000 | 45000 |
| 2 | Value of rateable property | | | |
| | Land | 1,454,373,500 | 1,413,769,500 | *-* |
| | Improvements | 2,910,345,750 | 2,706,476,100 | *-* |
| | Value of non-rateable property | | | |
| | Land | 176,170,627 | 131,131,654 | *-* |
| | Improvements | 89,654,550 | 44,265,000 | *-* |
| | Total Value of property | 4,630,544,427 | 4,295,642,254 | *-* |
| | Date of valuation | | | *-* |
| 3 | Number of residential properties | | | |
| | Number of commercial properties | | | |
| 4 | Assessment rates cents/Rand | | | |
| | Land | 1.11/R1 | 1/R1 | *-* |
| | Improvements | | | *-* |
| 5 | Number of employees | | | |
| B. ELECTRICITY STATISTICS | | | | |
| 1 | Units (kWh) bought | 138,659,142 | 125,570,730 | 117,064,275 |
| 2 | Units (kWh) sold | 128,921,842 | 110,664,249 | 101,273,039 |
| 3 | Units lost in distribution | 9,737,300 | 14,906,481 | 15,791,236 |
| 4 | Units lost as % of purchases | 7.02% | 11.87% | 13.49% |
| C. WATER STATISTICS | | | | |
| | No stats available for Kouga at this stage. | | | |
| | Units (kl) bought | | | |
| | Units (kl) sold | | | |
| | Units lost in distribution | | | |
| | Units lost as % of purchases | | | |
| *-* | Before demarcation, various municipalities with different valuation rolls and tariffs | | | *-* |